

Message Text

LIMITED OFFICIAL USE

PAGE 01 SANTO 05807 011520Z

22

ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 AID-05 CIAE-00 COME-00 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 INT-05 /054 W

----- 066229

R 011300Z DEC 76

FM AMEMBASSY SANTO DOMINGO

TO SECSTATE WASHDC 9000

LIMITED OFFICIAL USE SANTO DOMINGO 5807

E.O. 11652: N/A

TAGS: EALR, EMIN, EINV, DR

SUBJ: GODR AND ROSARIO RESOURCES CORP NEGOTIATE AGREEMENT

1. WHILE IN NEW YORK ON NOVEMBER 22, AMBASSADOR VISITED PRESIDENT AND VICE PRESIDENT ROSARIO RESOURCES CORP., MESSRS ROBERT REININGER AND DAVID FAGIN, AND DISCUSSED THE TERMS OF AGREEMENT THEY HAD AT LONG LAST REACHED TWO DAYS EARLIER WITH THE GODR NEGOTIATORS REGARDING NEW CONDITIONS TO GOVERN THE PUEBLO VIEJO CONCESSION. THE PRINCIPAL PROVISIONS OF THE NEW AGREEMENT ARE:

(A) GODR EQUITY IN ROSARIO DOMINICANA (THE LOCAL COMPANY FORMED TO EXPLOIT THE PUEBLO VIEJO CONCESSION) WILL INCREASE FROM 20 PERCENT TO 46 PERCENT. THE GODR WILL PAY US\$ 237 PER SHARE (BOOK VALUE) FOR THE INCREASED EQUITY, OR APPROXIMATELY US\$ 7,000,000.

(B) ROSARIO DOMINICANA WILL PAY A TAX OF 5 PERCENT OF EARNINGS TO THE GODR FOR DIRECT BENEFIT TO THE INHABITANTS OF COTUI, THE AREA OF THE PUEBLO VIEJO MINE.

(C) ROSARIO DOMINICANA WILL GIVE ROSARIO RESOURCES CORPORATION A MANAGEMENT AND TECHNICAL ASSISTANCE CONTRACT FOR US\$ 300,000 ANNUALLY.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 SANTO 05807 011520Z

(D) THE GODR WILL SUBMIT THE NEW CONTRACT FOR CONGRESSIONAL APPROVAL AND WILL REQUEST THE CONGRESS TO REITERATE EXPLICITLY THAT PROVISION OF THE MINING LAW WHICH PROVIDES FOR A 25-YEAR DURATION FOR CONTRACTS IN THE MINING AREA.

(COMMENT: ALL SUCH CONTRACTS ARE ROUTINELY SUBMITTED TO THE CONGRESS FOR APPROVAL. ALTHOUGH EXISTING MINING LEGISLATION PROVIDES FOR 25-YEAR DURATION - NOW TWENTY-ONE YEARS FOR ROSARIO DOMINICANA SINCE IT HAS EXISTED FOR FOUR YEARS - ROSARIO RESOURCES HAS HEARD OF GOVERNMENTAL MOVES TO AMEND THE MINING LEGISLATION AND BELIEVED THAT REITERATION OF THAT PROVISION OF THE MINING LAW MIGHT SAFEGUARD IT AGAINST POSSIBLE CHANGES.)

(E) INCREASED EQUITY PROVISIONS WILL GO INTO EFFECT AT THE TIME OF SIGNATURE OF THE AGREEMENT; THE COTUI TAX WILL BE RETROACTIVE TO JULY 1.

(F) THE TENTATIVE AGREEMENT REACHED BETWEEN THE GODR AND ROSARIO REGARDING THE NEARBY LOS CACAOS CONCESSION (WHICH WAS VERY BENEFICIAL TO THE GODR) WILL BE CANCELLED BY MUTUAL AGREEMENT.

THE FOREGOING REFLECTS ORAL AGREEMENT; WRITTEN CONTRACTUAL LANGUAGE IS BEING DRAFTED.

2. ROSARIO OFFICIAL FEEL THAT THE GODR HAS BEEN LESS THAN FAIR TO THEM. NEVERTHELESS, THEY UNDERSTAND, FORTUNATELY, THAT THEY ARE IN THE DOMINICAN REPUBLIC FOR THE LONG HAUL AND WILL CONCENTRATE UPON LAYING THE FOUNDATION FOR IMPROVED RELATIONS.

3. COMMENT: ROSARIO ACQUIESCED IN HIGHER GODR DEMANDS THAN WE HAD THOUGHT EITHER NECESSARY OR IT PREPARED TO ACCEPT. THREE PRINCIPAL FACTORS PROBABLY INFLUENCED THEM: THE RISING PRICE OF GOLD, NOTWITHSTANDING IMF SALES; THE PROSPECT OF A LONG-TERM STABLE CONTRACT FOR THE RICH PUEBLO VIEJO CONCESSION; AND THE CANCELLATION OF THE LOS CACAOS TENTATIVE AGREEMENT WHICH THEY FOUND COSTLY AND WHICH WOULD HAVE INVOLVED A CASH OUTLAY OF US\$ 15-20 MILLION. EMBASSY, WHICH HAS PLAYED A CONCILIATORY BEHIND-THE-SCENES ROLE, IS PLEASED THAT AGREEMENT HAS BEEN REACHED AND THAT ROSARIO, DESPITE ITS LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 SANTO 05807 011520Z

SENSE OF HAVING BEEN MULCTED, HAS ADOPTED A STATESMANLIKE POSTURE TOWARD THE FUTURE.
HURWITCH

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AGREEMENTS, NEGOTIATIONS, EXPLOITATION (NATURAL RESOURCES)
Control Number: n/a
Copy: SINGLE
Draft Date: 01 DEC 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: powellba
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976SANTO05807
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760445-1077
From: SANTO DOMINGO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761282/aaaactoy.tel
Line Count: 110
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: powellba
Review Comment: n/a
Review Content Flags:
Review Date: 26 JUL 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <26 JUL 2004 by BoyleJA>; APPROVED <05 NOV 2004 by powellba>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: GODR AND ROSARIO RESOURCES CORP NEGOTIATE AGREEMENT
TAGS: EALR, EMIN, EINV, DR, ROSARIO RESOURCES CORP
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006